



First Capital

WEEKLY GOVERNMENT SECURITIES MARKET

First Capital Research

September 8, 2021

For the week 02.09.2021-08.09.2021

"Yields hit 14-month high"

Weekly Yield Movement & Volume

The secondary market yield curve witnessed an upward shift in the midst of growing selling pressure from market participants after the first half of the week, while yield of 1yr 5yr 10yr peaked at a 14-month high for the first time. From the beginning of the week till mid-week the secondary bond market yield curve remained broadly unchanged as market continued to be inactive with participants remaining on the sidelines, however, thereafter displayed an upward movement towards the end of the week.

At the bill auction, only 48% of the total offered amount of LKR 64.0Bn was accepted as yields of both 03M and 01 Year T-Bills inched up by 9bps to 6.01% and 6.05% respectively while the bids for 06M T-Bill got rejected in full.

In the Forex market, USD/LKR witnessed an appreciation, with the rupee recording at LKR 200.0 relative to the value of LKR 210.0 held at the beginning of the week.

Liquidity & CBSL Holdings

Market liquidity remained negative throughout the week. At the beginning, excess liquidity was recorded at LKR -214.70Bn and subsequently turned to LKR -192.02Bn on 8th Sep. Meanwhile, CBSL holdings increased during the week and recorded at LKR 1,261.1Bn compared to LKR 1,221.1Bn held at the beginning of the week.

Foreign Interest

Foreign holding in government securities remained unchanged at LKR 2.1Bn while foreign holding percentage also remained unchanged at 0.03%.

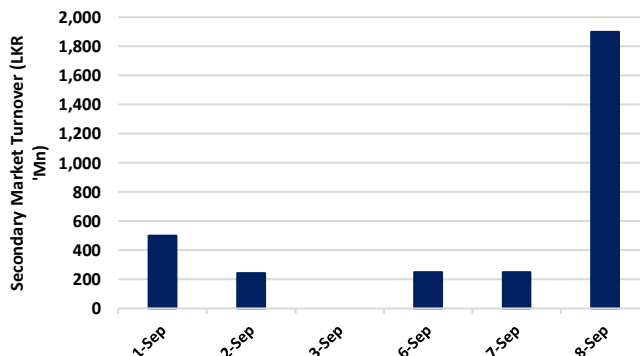
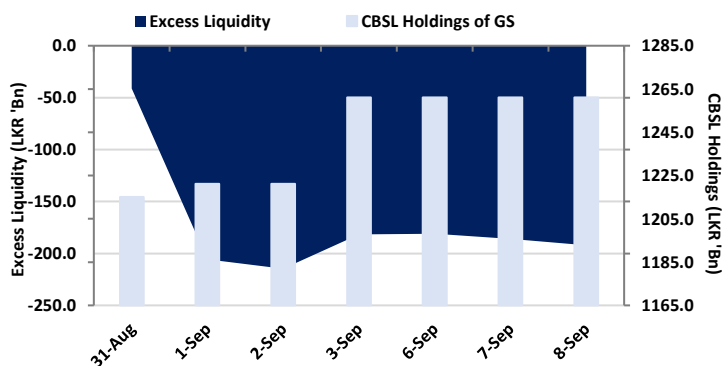
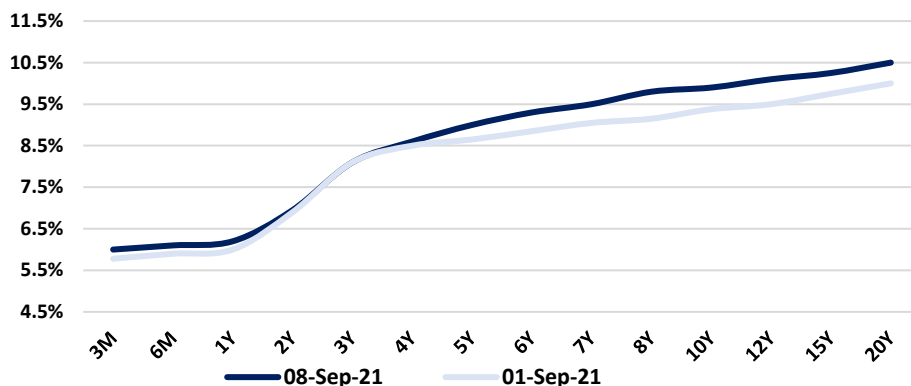
Maturities for next week

The Government Securities market has to settle a Treasury Bill maturity amounting to LKR 50.2Bn and a coupon payment of LKR 45.3Bn for the week ending 17th Sep 2021.

TENURE	BID	OFFER
< 91 Days < 3M	6.05%	5.95%
< 182 Days < 6M	6.15%	6.05%
< 364 Days < 1Y	6.30%	6.10%
01-Sep-23 < 2Y	7.00%	6.90%
15-Sep-24 < 3Y	8.20%	8.00%
15-Oct-25 < 4Y	8.70%	8.50%
01-Feb-26 < 5Y	9.10%	8.90%
15-Aug-27 < 6Y	9.20%	9.40%
01-Sep-28 < 7Y	9.60%	9.40%
01-May-29 < 8Y	9.90%	9.70%
15-Mar-31 < 10Y	10.00%	9.80%
15-Jan-33 < 12Y	10.20%	10.00%
15-Mar-35 < 15Y	10.50%	10.00%
01-Jan-41 < 20Y	11.00%	10.00%

US TREASURIES	3-Sep-21	27-Aug-21
1 Year	0.08%	0.07%
2 Year	0.21%	0.22%
5 Year	0.78%	0.79%
10 Year	1.33%	1.31%
30 Year	1.94%	1.91%

MARKET INTEREST RATES	3-Sep-21	Last Month
AWPLR	6.01%	5.94%
	Banks	NBFIs
FD Ceiling Rate(1Yr)	N/A	7.21%
MONEY MARKET RATES	High	Low
Call Money	6.00%	5.90%
Repo Rates	6.00%	5.84%



Daily Summary

Thursday (02.09.21): The secondary bond market witnessed a complete standstill as market participants stayed on the sidelines amidst the mounting pressure on treasury yields.

Friday (03.09.21): The secondary bond market concluded the week on a standstill mode due to most market participants remaining on the sidelines with minimal trades amidst the rising pressure on bond yields. Meanwhile, CBSL announced an issue of LKR 64.0Bn worth bill auction that will be held on 08th Sep 2021 while the maximum reference rate announced for 01 Yr bill saw a further increase of 8bps to 6.05% relative to the previous auction announcement.

Monday (06.09.21): The bond market commenced the week on a dull note while witnessing a complete freeze of action as market participants were persisted to stay on the side-lines due to the lifting pressure on treasury yields amidst the liquidity wear off.

Tuesday (07.09.21): The secondary bond market yields saw no movement during the day, as market continued to be inactive with participants preferred to remain on the sidelines.

Wednesday (08.09.21): The secondary market yield curve witnessed an upward shift in the midst of growing selling pressure from the market participants. However, the overall market displayed limited activities and thin volumes. With Some selling interest, 15.01.26 maturity was traded at 9.00% while on the long end of the curve, a mixed sentiment was observed with 01.05.29 maturity hovering in the range of 10.23% - 9.98%. Moreover, 15.05.30 maturity floated around 10.00% - 9.98%. Meanwhile at the bill auction, only 48% of the total offered amount of LKR 64.0Bn was accepted as yields of both 03M and 01 Year T-Bills inched up by 9bps to 6.01% and 6.05% respectively while the bids for 06M T-Bill got rejected in full.

OUTSTANDING STOCK	1-Sep-21	Previous Week	Change (%)
T-Bills [LKR 'Mn]	2,074,151	2,068,165	0.0%
T-Bonds [LKR 'Mn]	6,294,680	6,219,990	0.0%
TOTAL	8,368,830	8,288,155	0.0%
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	2,087	2,087	0.0%
Foreign Holding (%)	0.03%	0.03%	
MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	17-Sep-21
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	50,208		
T-Bonds	0		
T-Bond Interest	45,297		
SLDBs/Sovereign Bonds		0	
TOTAL	95,505	0	

T-BILL AUCTION				Week Ending 10-Sep-21		
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	08-Sep-21	01-Sep-21	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	6.01%	5.92%	9	18,000	38,219	29,869
182 Days	-	5.95%	N/A	22,000	22,050	-
364 Days	6.05%	5.96%	9	24,000	24,060	915
Date of Settlement	10-Sep-21			64,000	84,329	30,784

DISCLAIMER

This Review is prepared and issued by First Capital Holdings PLC based on information in the public domain, internally developed and other sources, believed to be correct. Although all reasonable care has been taken to ensure the contents of the review are accurate, First Capital Holdings PLC and/or its Directors, employees, are not responsible for the correctness, usefulness, reliability of same. First Capital Holdings PLC may act as a Broker in the investments which are the subject of this document or related investments and may have acted on or used the information contained in this document, or the research or analysis on which it is based, before its publication. First Capital Holdings PLC and/or its principal, their respective Directors, or Employees may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to sell or buy the investments referred to in this document. This Review may contain data which are inaccurate and unreliable. You hereby waive irrevocably any rights or remedies in law or equity you have or may have against First Capital Holdings PLC with respect to the Review and agree to indemnify and hold First Capital Holdings PLC and/or its principal, their respective directors and employees harmless to the fullest extent allowed by law regarding all matters related to your use of this Review. No part of this document may be reproduced, distributed or published in whole or in part by any means to any other person for any purpose without prior permission.



First Capital

First Capital Holdings PLC

No.2, Deal Place,

Colombo 3

Tel: +94 11 2145 000

Fax: +94 11 2145 050

RESEARCH

Dimantha Mathew	+94 11 2639 853	Vidushika Perera	+94 11 2639 864
Atchuthan Srirangan	+94 11 2639 863		
Hiruni Perera	+94 11 2639 864		

GOVERNMENT SECURITIES SALES

Anjelo Simmons	+94 77 3031 636	Neminda Jayawardena	+94 76 6644 080
Anushka Dissanayake	+94 77 2220 021	Arun Kandasamy	+94 75 4861 506
Anushi Ranawaka	+94 77 3876 819		

CORPORATE DEBT SALES

Nethalie De Mel	+94 11 2639 854		
-----------------	-----------------	--	--

EQUITY SALES

CEO	Jaliya Wijeratne	+94 70 2910 042	Negombo	
Colombo			Priyantha Wijesiri	+94 70 2910 036
Rasika Indra Kumara		+94 77 7072 698		
Isuru Jayawardena		+94 76 7084 953		
Nishantha Mudalige		+94 70 2910 041		
Ifadh Marikar		+94 77 9625 679		
Anushka Buddhika		+94 71 4310 600		
Thushara Pathiraja		+94 70 2910 037		
Chandika Jayawardana		+94 77 3940 070		

UNIT TRUST SALES

Kavin Karunamoorthy	+94 77 0328 060	Imali Abeygunawardena	+94 77 1764 799
---------------------	-----------------	-----------------------	-----------------

BRANCHES

Kandy	Kurunegala	Matara	Negombo
2nd Floor, No.121 Kotugodella Veediya (E L Senanayake Veediya) Kandy 20000.	Ground Floor No. 42, Mihindu Mawatha, Kurunegala 60000.	2nd Floor, E.H. Cooray Building No: 24, 1/3, Anagarika Dharmapala Mawatha, Matara 81000.	Colombo Stock Exchange - Negombo Branch Office, No. 72A, 2/1, Old Chilaw Road, Negombo 11500.
Manager: Salinda Samarakoon	Manager:	Manager: Rohana Jayakody	Manager:
Tel: +94 81 2236 010	Tel: +94 37 2222 930	Tel: +94 41 2222 988	Tel: +94 31 2233 299

About us:

This report providing a snapshot of fixed income, equity and unit trust is composed and circulated by First Capital Holdings PLC an investment bank in Sri Lanka. The company operates in the capital market of Sri Lanka with operations in government securities - treasury bills and bonds, stock brokering and share market investments, asset management, private wealth management, retirement planning, personal financial planning, unit trust, margin trading, capital market research, trustee services, corporate finance advisory services including corporate debt structuring (debentures, trust certificates, commercial papers), valuations, restructuring, mergers and acquisitions, initial public offerings (IPOs) and project advisory. The First Capital Group consists of First Capital Treasuries PLC, First Capital Limited, First Capital Markets Limited, First Capital Asset Management Limited and First Capital Equities (Private) Limited covering Colombo, Negombo, Matara, Kandy and Kurunegala.